

NASD AWARD

NASD Regulation, Inc. Office of Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimants

Charles D. and Elizabeth F. Dahan

96-05796

Name of Respondents

Chase Manhattan Investment Services, Inc
Hammond H. Han

REPRESENTATION

Claimants Charles D. and Elizabeth F. Dahan (collectively "Claimants") were represented by Greg S. Friedman, Esq., Rockville, MD.

Respondents Chase Manhattan Investment Services, Inc. ("CMIS") and Hammond H. Han ("Han") were represented by Brian F. Amery, Esq. and Frank J. Cuccio, Esq. of the law firm of Bressler, Amery & Ross, Morristown, NJ.

CASE INFORMATION

Statement of Claim filed: December 24, 1996.

Claimants' Submission Agreement signed on: September 12, 1996.

Joint Statement of Answer filed by CMIS and Han (collectively "Respondents") on: April 23, 1997.

Respondent CMIS's Submission Agreement signed on: May 13, 1997.

Respondent Han's Submission Agreement signed on: April 22, 1997.

HEARING INFORMATION

Pre-Hearing Date/Sessions: July 8, 1997 - one session with the Panel

Hearing Dates/Sessions: May 19, 1998 - two sessions
May 20, 1998 - two sessions

Hearing Location: NASD Executive Offices, Washington, DC

CASE SUMMARY

Claimants alleged that CMIS and Han failed to invest Claimants' assets in accordance with the sole specified account objective of Preservation of Capital as marked by Han on Claimants' Account Application. Claimants alleged that Han solicited their funds by assuring them that CMIS could offer them a better return on their fixed income investments together with the prospect of tax advantages. Claimants alleged that they agreed to deposit substantial funds in a CMIS account to be administered by Han provided that all such funds be maintained in short term instruments with no risk to their capital.

Claimants denied that they ever notified Han of the intention to change the purpose of the subject securities account. Claimants further alleged that Han never advised them that any investment would be subject to a surrender or withdrawal penalty and that such investments were improper.

Respondents denied all allegations of wrongdoing asserted by Claimants. Respondents specifically denied that they either knowingly or negligently made any material misrepresentations or omissions to Claimants concerning the investments that they purchased through Respondents. Respondents denied that the investments at issue were unsuitable for Claimants. Respondents denied that the transactions in the account were unauthorized by Claimants. Respondents maintained that, after the first several months, Claimants changed their investment objective from "preservation of capital" to "total return". Respondents alleged that Claimants discussed their investments with Respondents and authorized their purchases prior to the entry of the transactions in their account. Respondents alleged that Claimants did not begin to complain about the performance of their account until late 1994, after the value of their fixed income investments suffered from the effects of the worst decline of bond prices in history. Respondents alleged that since Claimants held most of these investments through this decline and subsequent recovery, they incurred no losses and, in fact, have realized a profit.

RELIEF REQUESTED

Claimants requested an award of damages equal to the full difference between net asset value of the securities selected by CMIS and Claimants' original investment, plus a reasonable compounded return thereon. Claimants requested an award of damages equal to the actual surrender/withdrawal penalties to which CMIS had subjected the Claimants. Claimants requested punitive damages of \$200,000 for arbitrary management of the account in violation of the mutually agreed investment parameters and failure to employ an outside manager. Claimants further requested all attorneys' fees and cost incurred as well as other such relief as deemed fair and appropriate by the Panel.

Respondents requested that Claimants' claim be dismissed with prejudice and that they be reimbursed by Claimants for their costs. Respondents also requested an Order from the Panel that any reference to this matter be removed from the registration records of Respondent Han.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with NASD Regulation, Inc.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Claimants Charles D. and Elizabeth F. Dahan's claim is denied in its entirety.
2. That the parties shall bear their own costs and attorneys' fees except as Other Costs and Forum Fees are addressed herein.
3. That any and all references to the Dahan complaint should be expunged from Han's record including Han's Form U-4 and Form U-5.

4. That any and all relief not specifically addressed above is denied in its entirety.

OTHER COSTS

Pursuant to Rule 10319(b) of the Code of Arbitration Procedure, Claimants Charles D. and Elizabeth F. Dahan shall pay to NASD Regulation, Inc. the \$750.00 postponement fee previously invoiced.

Pursuant to Rule 10333 of the Code of Arbitration Procedure, Respondent Chase Manhattan Investment Services, Inc. has paid to NASD Regulation, Inc. the \$350.00 member surcharge previously invoiced.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed.

(1 pre-hearing session with the Panel x \$750.00) + (4 hearing sessions x \$750.00) = \$3750.00 minus Claimants' hearing session deposit of \$750.00 = \$3000.00 balance due to NASD Regulation, Inc.

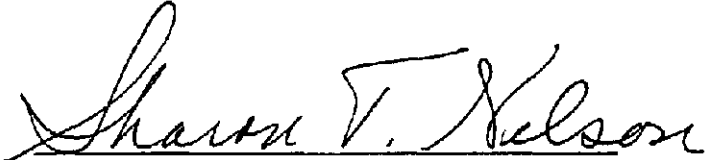
Claimants Charles D. and Elizabeth F. Dahan are assessed all forum fees and shall pay to NASD Regulation, Inc. the forum fee balance of \$3000.00.

Fees are payable to the NASD Regulation, Inc.

DATE SIGNED

Concurring Arbitrators' Signatures

6/25/98


Sharon T. Nelson, Esq., Chairperson
Public Arbitrator

Emily Eiselman Hunter, Esq., Panelist
Public Arbitrator

Margaret M. Werneth, Panelist
Industry Arbitrator

Date Award Served by NASD Regulation:

7/1/98

4. That any and all relief not specifically addressed above is denied in its entirety.

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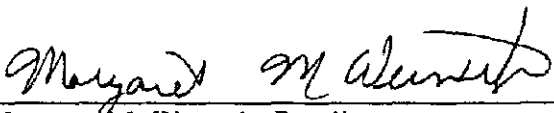
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Concurring Arbitrators' Signatures

Sharon T. Nelson, Esq., Chairperson
Public Arbitrator

Emily Eiselman Hunter, Esq., Panelist
Public Arbitrator

6/29/98


Margaret M. Werneth, Panelist
Industry Arbitrator

Date Award Served by NASD Regulation: 7/1/98